

Stalled Atiak sugar factory works leaves 3,500 farmers in distress

Concern. Uncertainty about when, and whether, the factory that was supposed to be completed by last year will be operational, has created anxiety among sugarcane farmers in Gulu, Amuru, Lamwo and Adjumani districts.

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KAMPALA. At least 3,500 sugarcane growers in Acholi Sub-region are stranded after completion of Atiak Sugar factory that they were contracted and supported to supply stalled over cash flow problems.

Businesswoman Amina Hersi owns the enterprise located in Amuru District, and both her and the government hoped sugarcane growing would help lift thousands of Lord's Resistance Army (LRA) war victims out of poverty.

The scheme, a partnership between Hersi's Horyal Investment Holdings Company Ltd (HIHC), the local community and the government, is expected to provide 3,500 direct and 15,000 indirect jobs. It sits on 15,000 acres of land.

Uncertainty about when, and whether, the factory that was supposed to be completed by last year will be operational, has created anxiety among sugarcane farmers in Gulu, Amuru, Lamwo and Adjumani districts.

About 300 of them travelled to Kampala last week, and petitioned the Speaker of Parliament, Ms Rebecca Kadaga, to intervene so that the government fast-tracks release of \$12.5m (Shs46.2b) loan it promised to provide to Ms Hersi's firm to complete the plant.

The cash is to be drawn from the Agricultural Credit Facility (ACF) managed by the Bank of Uganda.

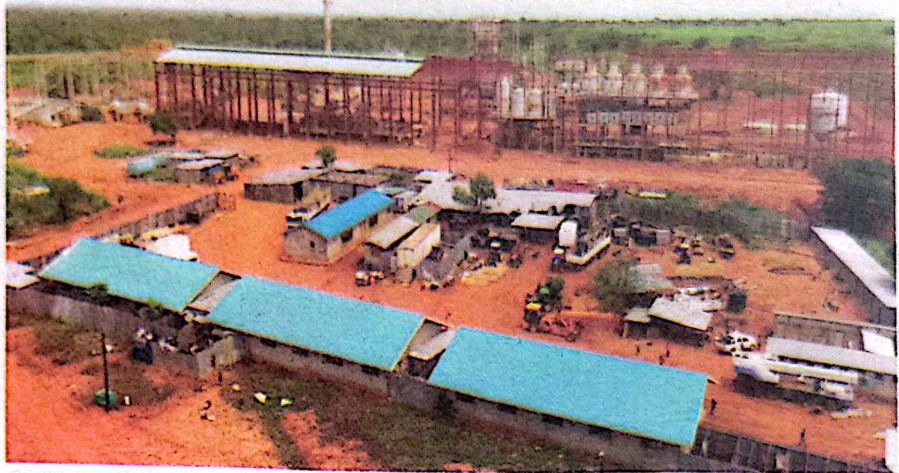
"This money is for Ugandans; it is not for the (Finance) minister, it is not for the governor, it is to help the people of Uganda," said Ms Santa Joyce Laker, the Atiak Outgrowers Cooperative Society Ltd leader.

She added: "The President has said take this money, Parliament has said take this money. Who is the minister?"

Finance minister Matia Kasajja had on February 20 tabled an addendum to a 2017/18 supplementary budget amounting to Shs44b out of which Shs21b was to support farmers in northern Uganda. Of this support, Shs20b was to "enable Uganda Development Corporation acquire (10.1 per cent) shares" in HIHC and Shs1b to enable the "the construction of a Bailey bridge at Jem Farm to facilitate the mobility of Sugar cane outgrowers for the Atiak Sugar factory" by the Works and Transport ministry.

Mr Kasajja, who wrote to Uganda Development Corporation (UDC) on February 19 to reiterate a government commitment to provide Shs46.2b loan, was unavailable to explain the delay in releasing the money.

In an interview yesterday, Finance ministry Permanent Secretary Keith



Delayed. Construction of Atiak sugar factory in Gem Village, Atiak Sub-county in Amuru District has stalled since last year after the developer ran out of funds. PHOTO BY STEPHEN KAFEERO

Muhakanizi said: "What has been authorised is government buying equity. Once Parliament appropriates the money of the loan soon, ok, then we shall move very fast."

Daily Monitor has seen correspondences in which the government undertook to buy \$5.2m (Shs18.7b) equity in HIHC through UDC.

Bureaucrats have a race against time if the loan is to be disbursed soon because all unspent government money will have to be returned to the Consolidated Fund at the end of the current financial year, which is five weeks away.

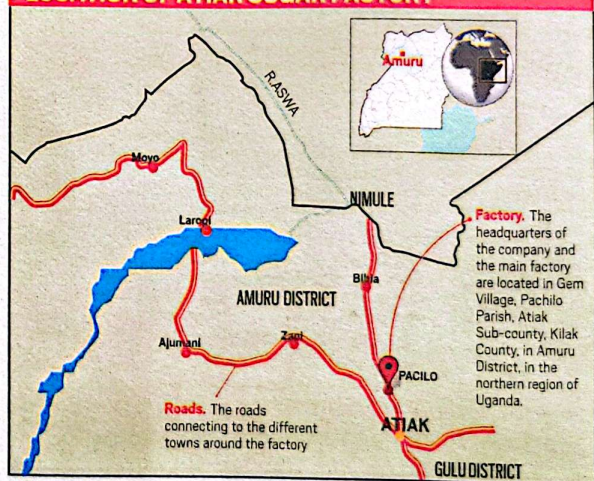
Speaker Kadaga told the outgrowers during last week's meeting that she was "surprised" that the Finance ministry had not provided the agricultural loan to Ms Hersi.

"I thought the factory was finished. I am going to arrange to call

THE PROJECT

Atiak Sugar factory was founded to process sugarcane into sugar and its by-products; molasses and bagasse (to produce ethanol and electricity). The company relied on extended loan facilities from Crane Bank, whose collapse in October 2016, complicated cash flows. Dfcu, which acquired Crane Bank, wants HIHC to make \$5.2m down payment out of \$25m loan it is seeking to recover as a precondition to restructure the company's loan.

LOCATION OF ATIAK SUGAR FACTORY



the minister again, to call the (Bank of Uganda) governor, but I will also send your petition to [Parliament's Budget] committee," she said.

The government cash is to provide a lifeline for the large commercial agricultural enterprise projected to produce 1.4m tonnes of sugar per annum, and the stalled factory works potentially holds up fortunes of the principal investor and thousands of outgrowers with maturing sugarcane on 3,900 acres.

With no assured immediate market, the nearest the farmers can take and sell their sugarcane is in Kinyara, some 402 kilometres away and a six-hour drive from Atiak.

This, according to their emissaries who met the Speaker, and the investor Hersi, is why they want immediate government funding to complete the behind-the-schedule factory.

"I was told to go for due diligence, everything has been done," Ms Hersi

told this newspaper in an interview.

"If anyone has been checked in this country, then it is me. We have been transparent. The factory without cane cannot work, the cane without a factory is useless," she said.

The government has so far invested \$6.8m or Shs25b in farmers through the National Agricultural Advisory Services (Naads), with much of the money used to open 13,841 acres for sugarcane plantation.

The Northern Uganda Social Action Fund (NUSAF) III has declined to provide Shs1.8b the government authorised because the venture, according to NUFAS official, is not part of their activities.

An official with Atiak Sugar project, who declined to be named because they are not authorised speak on behalf of the company, said even if the required money was received this month, it would take year to complete the factory.